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10 Ways Small Businesses Are Putting Themselves Out of Business

Wanna kick your profitless days in the butt? This business consultant shows you what you're doing wrong and what you can easily do to put your company in the black.

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Sometimes when I have an afternoon to spare, I go out and "snoop" a little. I'll drive to a nearby town and stop in to see how the local small businesses are doing. More often than not, I'll open the door to a business, take a few steps inside, and have someone toss an unenthusiastic "hello" in my direction. If I'm really lucky, they'll also hit me with a less-than-enthusiastic "How may I help you" or the equally inspired "What are you looking for today?"

I stop in at these businesses to see how business is being done in small, independently owned storefronts and service businesses. And it's obvious that for the most part, it's not being done all that well! And while it may be in vogue to blame the woes of small business on the big box retailers or the chains or the giant conglomerates, the truth is, it's the small-business owners who are putting themselves out of business at an alarming rate.

During my career, I've had the privilege of working with more than 2,000 small businesses, and each one has been a unique and interesting experience. But in almost all cases, within minutes, I could tell from looking at the business and visiting with the owner and the staff that they were literally costing themselves hundreds of dollars on a daily basis.

Is there anything that can be done to save a small business that's wasting away? You bet! And smart business owners know their energy is best served concentrating on what they can control and forgetting about all the rest of the nonsense--like the growth of the big chains--going on around them.

From my point of view, here are the 10 most common ways small businesses are killing themselves:

1. No one seems to take a long view of business anymore. Many business owners often look no further ahead than their next payroll or their next rent payment. Why is that? Generally it's a lack of time--business owners get so caught up in the day-to-day nonsense of running a business that they forget to think ahead. But every small-business owners needs to steal away for a few hours each week to do nothing but "think." Try to spend at least two hours per week looking at your business from a point of view other than from behind your sales counter or office desk.

2. Everyone's forgotten about good manners? Not long ago, I visited a small insurance agency. I walked in and approached the counter. Facing me were five desks, two on the left and three on the right, each with someone sitting behind the desk, also facing me. But not one person got up to assist me. After an uncomfortable 30 seconds had gone by, someone gave me a gruff "Hello" from the seat of her desk chair. Now I don't want a person "attacking me" as soon as I come through the door, but someone should at least have gotten up and acknowledged that I was there. Please, just a smile and a friendly hello...and get your lazy butt out of the chair, for God's sake! We may all poke fun at the Wal-Mart "greeters" but it's a heck of a lot better than grunting a fake "hello" at someone from across the room.

3. Did everybody forget what a broom and dustpan are for? Clean up your stores and offices, people! Run a vacuum now and then, and while you're at it, get out your dust rags.

There just isn't any excuse for having papers stacked everywhere, layers of dust on everything, and a general sense of mess greeting the public when they visit your business. And don't get me started on the shape of the bathroom I find in most small businesses.

4. They've put no thought into their ads. Small businesses seem to love business card-type ads. You know the ones with the business name on top, some brilliant statement like "In business since 1975" on line two with the address and phone number underneath. Pretty exciting, huh? Yep, that's what the people who read those types of ads think.

5. No one seems to train their employees. There's a huge gap between big businesses and small businesses when it comes to training. Most big businesses have standard operating procedures or even a training manual. I've yet to see a training manual--even though I'm sure they're out there--for an independently owned small business. But they sure could use one!

6. Can you say "joint venture"? So many small businesses could benefit from forming an alliance with another business that shares a similar type of customer. Let's say a florist and a caterer joined forces. The florist could do a direct mailer to their customers and promote the products and services of the caterer, and then the caterer could promote the florist on their website. In all my years of experience, I've found joint ventures to be unbelievably profitable to small businesses.

7. They neglect to separate themselves from the crowd. We marketers toss around the term "unique selling proposition" all the time. But I've found that only about one small business in 100 can tell me in 50 words or less why I or any other consumer should deal with them as opposed to all the other choices we have in the market. All this takes is some thought as to what your target market is and what the big benefit is that you give them as opposed to what your competitors can provide to the same market.

8. They have no regard for their customers. If more small businesses treated their customers like the family dog--yes, I said the family dog--they'd most likely find a lot fewer of them migrating to the new superstore or franchise food business in town. This isn't rocket science--people just want to be respected and acknowledged. But in the daily whirlwind of running a small business, entrepreneurs forget that.

When I was first starting out, I used to laugh when I heard small-business owners say, "This would be a great business if I didn't have to deal with the customers." But I don't see the humor in that anymore. There are simple things you can do to let your customers know they're important to you. One way is by simply staying in touch with your customer base. I don't know of any business that can't increase sales by using a quarterly newsletter mailed to their customer list--none!

9. Many businesses treat their employees worse than they treat their worst customers. But you should be treating them as well as you treat your *best* customers! And while some small-minded business owners don't believe that's the thing to do, I think many do get it. Finding and keeping good people has never been harder, and it's only going to get worse. And the cost of training a new employee can be astronomical, not just in terms of the time and money it takes, but because you may just lose customers that way. As consumers, we value consistency over everything else, so when you change employees, you risk losing your consistency, especially if you don't have a formal training program in place. And if your business isn't consistent in how it serves its customers then those customers will leave you at the first opportunity--guaranteed.

10. They have no real understanding of the numbers their bookkeeper or accountant spins off for them. Not long ago, I had the painful experience of meeting with the owner of a

small restaurant who had severe cash flow problems. The first line item I looked at in his budget was the cost of goods, specifically the cost of the food it took to make the various dishes on the menu. Guess what? After spending a few hours breaking down costs, we quickly determined that his food costs were a good 10 percent higher than what was normal for the industry. Ten percent! Now this didn't occur overnight, so why didn't his accountant or bookkeeper raise a red flag over this? I know why. It's because most bookkeepers and accountants either don't understand the "rules of thumb" numbers for most businesses, or they don't communicate the problems they see. I'm guessing it's more often the second thing than the first, but it's deadly in either case.

So there you go: 10 reasons why small businesses in this country are behind the eight ball and what they can do about it. The good thing is, this stuff is all common sense--or it should be. But as an experienced, successful businessperson told me once many years ago, "Michael, common sense isn't so common." I tend to agree.

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